



SB 1505 MINIMUM GUARANTEE Frequently Asked Questions

1. WHAT DOES SB 1505 PROVIDE?

Senate Bill 1505 (Chapter 1026, Statutes of 2000) guarantees a minimum annual allowance of at least \$15,000 to eligible members, their surviving spouses and option beneficiaries, if the member had 20 years of credited service and the benefit recipient was receiving a benefit on January 1, 2000. The benefit provided by SB 1505 became effective January 1, 2001. Eligible members, their surviving spouses and option beneficiaries will begin receiving the increased benefit on September 1, 2001.

2. WHEN WILL THE FIRST PAYMENT BE ISSUED?

On September 1, 2001, a retroactive payment will be issued for the period 1/1/01 to 8/31/01. Beginning with the October 1, 2001 payment, the monthly increase will be included in the regular monthly allowance.

3. MINIMUM GUARANTEE BENEFITS WERE PROVIDED LAST YEAR UNDER SB 713. HOW DOES SB 1505 DIFFER FROM SB 713?

SB 713 (Chapter 632, Statutes of 1999) also provided a guaranteed minimum annual allowance of at least \$15,000 to eligible members, their surviving spouses and option beneficiaries if the member had 20 years of credited service. However, SB 713 excluded members who were inactive prior to retirement and members who retired prior to age 55. In addition, under the provisions of SB 713, members could not use unused sick leave, segregated service or projected service, in the case of members who had received disability benefits, to meet the minimum 20 year credited service requirement. SB 1505 extends Minimum Guarantee benefits to more CalSTRS members and their beneficiaries as of January 1, 2001.

4. WHO IS ELIGIBLE FOR SB 1505?

Members who retired on or before January 1, 2000 and were previously excluded from SB 713 based on one of the following criteria, **are now eligible** for the minimum guarantee under SB 1505. In order to be eligible, a benefit must have been payable on January 1, 2000.

- Members who had at least 20 years of service credit, but were inactive at retirement;
- Members who were receiving a CalSTRS disability benefit prior to retirement and who would have had 20 years of credited service if they had worked to the earlier of their retirement date, or until age 60. Unlike SB 713, members may use projected service credit earned during the period of disability **to reach** the 20 year service credit requirement under SB 1505;
- Members who retired on or after March 21, 1974, and before January 1, 2000, with a combination of service credit and unused sick leave that equals 20 years service credit. Unlike SB 713, members may use unused sick leave **to reach** the 20 year minimum service credit requirement under SB 1505;
- Members who retired before March 21, 1974 with 19.5 to 19.999 years of credited service. CalSTRS did not receive information on accrued sick leave for members retiring before this date because unused sick leave did not affect their service credit at retirement. As a result, the 20-year requirement for the \$15,000 guarantee was reduced for these members to 19.5 years of credited service;
- Members who would have had at least 20 years service credit by including the service credit awarded to a former spouse in a community property settlement. Unlike SB 713, members may use the service credit awarded to a former spouse **to reach** the 20 year minimum service credit requirement under the provisions of SB 1505; or,
- Members who had at least 20 years service credit, but retired before age 55.

5. HOW MUCH WILL THE MINIMUM GUARANTEE PROVIDE?

SB 1505 provides that the total annual amount payable to the benefit recipient by CalSTRS generally will not be less than the following amounts:

20 years of credited service.	\$15,000
21 years of credited service.	\$15,500
22 years of credited service.	\$16,000
23 years of credited service.	\$16,500
24 years of credited service.	\$17,000
25 years of credited service.	\$17,500
26 years of credited service.	\$18,000
27 years of credited service.	\$18,500
28 years of credited service.	\$19,000
29 years of credited service.	\$19,500

30 years of credited service. \$20,000

Option beneficiaries or surviving spouses will also receive a minimum allowance equal to a percentage of the member's adjusted minimum allowance. The minimum allowance payable to a member and nonmember spouse shall be adjusted according to any court ordered settlement involving a dissolution of marriage.

6. IS THE MINIMUM ALLOWANCE CALCULATED DIFFERENTLY FOR MEMBERS WHO RETIRED BEFORE AGE 55?

Yes. For members retiring before age 55, the minimum guarantee will be reduced to reflect the impact of the lower age factor from the early retirement on the member's allowance. For example, for members with at least 30 years of credited service, the following minimum guarantee levels will apply;

<i>Age of Retirement</i>	<i>Minimum Guarantee</i>
50	\$15,714
51	\$16,571
52	\$17,429
53	\$18,286
54	\$19,143

The minimum guarantee for members retiring between the whole ages indicated above will be similarly adjusted.

7. HOW MUCH WILL THE MINIMUM GUARANTEE PROVIDE IF THE ELIGIBILITY FOR THIS BENEFIT IS BASED ON PROJECTED SERVICE CREDIT?

Projected service credit is credited service plus the service that would have been earned to age 60 (or termination of the Disability Allowance, whichever comes first) had the member continued to work and receive service credit. Members receiving a disability allowance prior to retirement may use projected service credit to reach the 20-year eligibility requirement.

Benefit recipients who use projected service credit to meet the 20-year eligibility requirement will receive the minimum allowance based on 20 years of credited service, or \$15,000. Projected service credit in excess of that needed to meet the 20-year eligibility requirement may not be used to enhance the benefit recipient's minimum guarantee benefit.

8. HOW MUCH WILL THE MINIMUM GUARANTEE PROVIDE IF THE ELIGIBILITY FOR THIS BENEFIT IS BASED ON UNUSED SICK LEAVE SERVICE CREDIT?

Unused sick leave service credit may be used to reach the 20-year eligibility requirement. Benefit recipients who use unused sick leave service credit to meet the 20-year eligibility requirement will receive the minimum allowance based on 20 years of credited service, or \$15,000.

Unused sick leave service credit in excess of that needed to meet the 20-year eligibility requirement may not be used to enhance the benefit recipient's minimum guarantee benefit.

9. HOW MUCH MORE WILL THE BENEFIT RECIPIENT RECEIVE?

The amount paid is equal to the minimum amount specified minus the benefit recipient's current allowance and quarterly supplemental payments, but not including payments from a tax-sheltered annuity (TSA), annuity deposit contributions, or the AB429 ad hoc increase.

10. WHAT SERVICE CREDIT COUNTS?

The amount of service credit is based on years of service, excluding Golden Handshake and Airtime/Nonqualified Service.

11. CAN THIS BENEFIT INCREASE BE DECLINED?

Yes. If receipt of this increase will adversely affect the benefit recipient's circumstances, return the scheduled payment to CalSTRS or make payment in full by personal check or money order. Please include a signed letter stating the recipient is declining the SB 1505 Minimum Guarantee. If the benefit recipient is married, his or her spouse must also sign the letter.

12. WILL THE BENEFIT RECIPIENT RECEIVE A COST OF LIVING ADJUSTMENT ON THE GUARANTEE?

The amount paid will be subject to future 2% cost of living adjustments beginning September 1, 2002.